

## Message Text

LIMITED OFFICIAL USE

PAGE 01 JOHANN 01123 01 OF 02 101238Z

ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 DHA-02 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PM-04

H-01 L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 TRSE-00 /096 W

-----101243Z 113863 /41

R 101020Z MAY 77

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 5984

INFO AMCONSUL CAPE TOWN

AMEMBASSY LONDON

AMEMBASSY PRETORIA

USMISSION EC BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 JOHANNESBURG 1123

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ELAB, EGEN, PINT, SF

SUBJECT: BLACK UNEMPLOYMENT SITUATION WORSENS

REF: JOHANNESBURG A-11

1. SUMMARY: SINCE THE SUBMISSION OF THE REFERENCED REPORT, SOUTH AFRICA'S UNEMPLOYMENT SITUATION, PARTICULARLY AMONG THE BLACK WORK FORCE, HAS CONTINUED TO WORSEN WITH THE DEEPENING RECESSION. CURRENT UNEMPLOYMENT IS ESTIMATED AT 1.4 MILLION COMPARED TO 1.3 MILLION AT THE END OF 1976. ACADEMIC AND BUSINESS PROJECTIONS SUGGEST THAT UNEMPLOYMENT MAY REACH TWO MILLION OR TWENTY PERCENT OF THE ECONOMICALLY ACTIVE POPULATION BY THE END OF 1977. WHILE CONCERN HAS BEEN EXPRESSED THAT THE COMBINATION OF UNEMPLOYMENT AND SPIRALLING PRICES OF FOODS AND SERVICES COULD RESULT IN URBAN UNREST AND VIOLENCE, THE SOUTH AFRICAN GOVERNMENT HAS NOT YET

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JOHANN 01123 01 OF 02 101238Z

TAKEN STEPS TO ALLEVIATE THE SITUATION. END SUMMARY.

2. DECREASING EMPLOYMENT--AC RECENT REPORT BY THE UNIVERSITY OF STELLENBOSCH BUREAU OF ECONOMIC RESEARCH CALLS THE CURRENT RECESSION THE DEEPEST SINCE THE 1930'S AND NOTES THAT AMONG BLACKS IT HAS REACHED SERIOUS PROPORTIONS AND IS STILL INCREASING. FACTORIES HAVE CUT THEIR LABOR FORCES BY

TEN PERCENT IN THE PAST YEAR. EMPLOYMENT IN MANUFACTURING HAS FALLEN FROM OVER 1,367,000 TO 1,230,000 AND MORE THAN 22 PERCENT OF PRODUCTION CAPACITY IS IDLE. EMPLOYERS HAVE CUT WORKING HOURS BY AN AVERAGE OF SEVEN PERCENT. SOME SUCH AS GENERAL MOTORS IN PORT ELIZABETH ARE ON FOUR DAY WEEKS. OTHERS SUCH AS THE INTERNATIONAL HARVESTER TRUCK MANUFACTURING COMPANY IN MARITZBERG ARE ON A THREE DAY WEEK.

3. RISING BLACK UNEMPLOYMENT -- ACCORDING TO PROFESSOR P. VAN DER MERWE OF THE UNIVERSITY OF PRETORIA, TOTAL NATIONAL UNEMPLOYMENT REACHED 1.3 MILLION AT THE END OF 1976, OF WHICH MORE THAN ONE MILLION WERE BLACK WORKERS. THE NUMBER OF UNEMPLOYED BLACKS IN URBAN AREAS IN DECEMBER WAS 222,000; IN WHITE RURAL AREAS, 401,000; AND IN THE HOMELANDS, 437,000. TOTAL NATIONAL UNEMPLOYMENT IS BELIEVED TO HAVE INCREASED A FURTHER 90,000 DURING THE FIRST QUARTER OF 1977 AND NOW STANDS AT CLOSE TO 1.4 MILLION. BY WAY OF COMPARISON VAN DER MERWE ESTIMATES THAT TOTAL NATIONAL UNEMPLOYMENT IN 1974 AT THE HEIGHT OF SOUTH AFRICA'S LAST BOOM WAS 850,000 OR NINE PERCENT OF THE LABOR FORCE.

4. RECENT REPORTS BY THE BUREAU OF ECONOMIC RESEARCH OF THE UNIVERSITY OF STELLENBOSCH AND OTHER ORGANIZATIONS SUCH AS BARCLAYS BANK NOW INDICATE THAT THE CURRENT RECESSION IS LIKELY TO CONTINUE FOR THE REST OF 1977 CAUSING UNEMPLOYMENT TO RISE BY A FURTHER 50 PERCENT TO 2 MILLION BY THE END OF THE YEAR.

5. POTENTIAL UNREST--ACCORDING TO MR WALT DU TOIT, DEPUTY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JOHANN 01123 01 OF 02 101238Z

CHIEF OF PROFESSIONAL SERVICES IN THE DEPARTMENT OF LABOR, "NOT SINCE THE SHARPVILLE PANIC HAS THERE BEEN SUCH A LONG LIST OF UNEMPLOYED." SOUTH AFRICAN LABOR LEADERS SUCH AS ARTHUR GROBBELAAR OF THE RACIALLY MIXED TRADE UNION COUNCIL OF SOUTH AFRICA (TUCSA) AND ATTIE NIEUWOUDT OF THE ALL WHITE SOUTH AFRICAN CONFEDERATION OF LABOR (SACL) ARE CONCERNED THAT THE COMBINATION OF UNEMPLOYMENT AND SPIRALLING PRICES OF FOODS AND SERVICES COULD RESULT IN URBAN UNREST AND VIOLENCE.

6. INFLATION IN BLACK TOWNSHIPS--URBAN BLACKS IN SOWETO AND OTHER TOWNSHIPS HAVE BEEN HARDEST HIT BY THE CURRENT INFLATION. ACCORDING TO CALCULATIONS BY THE JOHANNESBURG CHAMBER OF COMMERCE, THE MINIMUM BUDGET FOR A SOWETO HOUSEHOLD IS CURRENTLY 157 RAND (181 US DOLLARS) PER MONTH, AN INCREASE OF 14.5 PERCENT SINCE NOVEMBER. EVEN WITHOUT THE POSTPOED RENT INCREASES (JOHANNESBURG 968) IT IS ESTIMATED THAT SOWETO RESIDENTS MAY FACE AN INFLATION RATE THIS YEAR OF 18 PERCENT. FOR THE COUNTRY AS A WHOLE AN INFLATION RATE OF 11.1 PERCENT (THE SAME AS LAST YEAR) IS FORECAST FOR 1977.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 JOHANN 01123 02 OF 02 101844Z  
ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 DHA-02 CIAE-00 COME-00  
EB-07 INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PM-04  
H-01 L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 OMB-01 TRSE-00 /096 W  
-----101854Z 120060 /41

R 101020Z MAY 77  
FM AMCONSUL JOHANNESBURG  
TO SECSTATE WASHDC 5985  
INFO AMCONSUL CAPE TOWN  
AMEMBASSY LONDON  
AMEMBASSY PRETORIA  
USMISSION EC BRUSSELS  
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 JOHANNESBURG 1123

7. STRUCTURAL FACTORS--WHILE PRIME MINISTER VORSTER AND SOME WHITE TRADE UNION LEADERS SUGGEST THAT THE RAPID RISE IN UNEMPLOYMENT IS BALANCED BY AREAS OF LABOR SHORTAGE, PASS RESTRICTIONS AND OTHER INHIBITIONS ON FREEDOM OF MOVEMENT MAKE IT DIFFICULT FOR BLACK WORKERS TO CHANGE JOBS EVEN IF SUCH POCKETS EXIST. IN FACT, APART FROM CYCLIC FACTORS, SOUTH AFRICA'S INCREASING UNEMPLOYMENT PROBLEM APPEARS ALSO TO BE STRUCTURAL. BOTH THE PASS LAWS AND THE ENVIRONMENTAL PLANNING ACT, WHICH SETS A QUOTA ON THE NUMBER OF BLACKS WHO MAY BE EMPLOYED IN CERTAIN URBAN INDUSTRIES, HAVE ENCOURAGED MECHANIZATION THEREBY EXACERBATING STRUCTURAL UNEMPLOYMENT.

8. OBSERVERS ARE THEREFORE CONCERNED THAT THE UNEMPLOYMENT PROBLEM WILL NOT EASILY BE ALLEVIATED EVEN WITH THE NEXT ECONOMIC UPSWING. (IT IS CURRENTLY EXPECTED THAT THE ECONOMY WILL BEGIN TO RECOVER IN 1978 AT A THREE PERCENT PER YEAR GROWTH RATE).

9. COMMENT: THE LABOR SPOKESMAN FOR THE OPPOSITION PROGRESSIVE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JOHANN 01123 02 OF 02 101844Z

REFORM PARTY RECENTLY ASKED IN PARLIAMENT "HOW MANY MORE THOUSANDS AND MILLIONS OF PEOPLE WILL HAVE TO BE UNEMPLOYED BEFORE THE GOVERNMENT RECOGNIZES THAT WE ARE FACING A CRISIS?" ASIDE FROM SUGGESTIONS THAT THE NEWLY FORMED URBAN FOUNDATION MIGHT ALLEVIATE SOME OF THE UNEMPLOYMENT BY ENCOURAGING HOUSING CONSTRUCTION IN THE BLACK TOWNSHIPS, GOVERNMENT HAS NOT YET PUT FORWARD ANY SUGGESTIONS FOR ALLEVIATING THE WORSENING UNEMPLOYMENT CRISIS. AS LOUIS KOCH, DIRECTOR OF THE BANTU ADMINISTRATION BOARD IN THE EASTERN CAPE INDICATED TO THE REGIONAL LABOR OFFICER, RELIANCE ON THE URBAN FOUNDATION, WHICH HOPES TO RAISE 25 MILLION RAND, SEEMS AN INNOCUOUS PALLIATIVE WHEN HIS BOARD ALONE HAS AN ANNUAL CAPITAL BUDGET OF 60 MILLION RAND.

KIRBY

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, UNEMPLOYMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 10-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977JOHANN01123  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770164-0775  
**Format:** TEL  
**From:** JOHANNESBURG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770575/aaaacmvc.tel  
**Line Count:** 185  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 2b52c397-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION AF  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 JOHANNESBURG A-11  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 09-Feb-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2586315  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BLACK UNEMPLOYMENT SITUATION WORSENS  
**TAGS:** ELAB, EGEN, PINT, SF  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/2b52c397-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009